March 28, 2008

This edition of the COD Processing Update will remain on the COD Web site until a new edition is posted. We will notify schools via a COD Web Message when a new edition has been posted.

Direct Loan Program

COD News

2008-2009 COD Technical Reference March 2008 Updates Now Available (03/27/08)
The 2008-2009 COD Technical Reference March 2008 Updates are available on the Information for Financial Aid Professionals (IFAP) Web site. The 2008-2009 COD Technical Reference consists of multiple volumes that contain development information for the 2008-2009 Award Year. For a complete list of updates, refer to the "0809 COD Technical Reference March 2008 Change Tracking Log." If you have any questions about this material, contact the COD School Relations Center.

Temporary Suspension of COD System Enhancement Implemented for 2008-2009 Award Year (03/24/08)
As explained in an Electronic Announcement posted on March 4, 2008 on the Information for Financial Aid Professionals (IFAP) Web site, during the period March 14-15, 2008, Federal Student Aid implemented additional COD System functionality that supports the processing of Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent Grant (National SMART Grant), Federal Pell Grant (Pell Grant), and William D. Ford Federal Direct Loan (Direct Loan) awards for the 2008-2009 Award Year. In the attachment to the March 4th Electronic Announcement, Federal Student Aid highlighted processing function enhancements and modifications that it planned to implement.

On March 15, 2008, Federal Student Aid implemented all of the system changes as planned; however, it is temporarily suspending one of the Direct Loan Program enhancements. The affected enhancement involves updating the Master Promissory Note (MPN) expiration date when a Direct Loan award is discharged due to Death (D), Unauthorized Signature/Unauthorized Payment (G), or Identity Theft (I). As explained in the March 4th Electronic Announcement, the enhancement included 1) updating the MPN expiration date on the COD Web site's Award Promissory screen to reflect the date the loan was discharged and 2) sending an unsolicited system-generated MPN Response with the updated MPN expiration date to all schools associated with the MPN.

Following a one-time update of all MPN expiration dates in the COD System that have been changed due to loan discharge, Federal Student Aid realized that schools are not prepared to receive unsolicited system-generated MPN responses that include the MPN status information applicable in these situations. One problematic status received by schools to date is "I" for "Inactive." Federal Student Aid needs to research resolution options, and, while doing so, *will cease sending unsolicited system-generated MPN responses to schools when an MPN*

expiration date changes due to loan discharge. However, when an MPN expiration date changes due to loan discharge, Federal Student Aid will continue to provide the information on the COD Web site.

Federal Student Aid apologizes for the inconvenience the unsolicited system-generated MPN responses have caused schools. If your school has received any of these responses, please refer to the COD Web site for the updated MPN expiration date and status information.

Federal Student Aid will inform all schools of the results of its research through the "COD Processing Update" and COD Web messages.

This same information is posted in a March 21, 2008 Electronic Announcement on the IFAP Web site. If you have any questions, contact the COD School Relations Center.

TEACH Grant Operational Implementation Guidance – TEACH Grant Implementation and Processing Webinar for Schools and TEACH Grant NPRM [02/12/08 (Updated 03/28/08)]
The College Cost Reduction and Access Act (the CCRAA), Pub. L. 110-84, created the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program. This program is effective beginning with the 2008-2009 Award Year and provides up to $4,000 a year in grant assistance to students who plan on becoming a teacher and meet certain specified requirements. If a student who receives a TEACH Grant does not complete the required teaching, the grant must be repaid as a Direct Unsubsidized Loan under the William D. Ford Federal Direct Loan Program.

Note: For policy information on all of the provisions of the CCRAA, including the TEACH Grant Program, refer to Dear Colleague Letter GEN-08-01 on the Information for Financial Aid Professionals (IFAP) Web site. For information on Federal Student Aid's Regulatory and Legislative Update – Spring 2008 training workshops, which will include a CCRAA module, refer to Dear Colleague Letter ANN-08-02 on the IFAP Web site.

April 10, 2008 TEACH Grant Implementation and Processing Webinar for Schools

In Dear Colleague Letter ANN-08-03 on the IFAP Web site, Federal Student Aid announced its first TEACH Grant Implementation and Processing Webinar for school financial aid administrators and their staff. This one hour and thirty minute webinar will be offered on *Thursday, April 10, 2008 from 2:00 – 3:30 P.M. (ET).*

Federal Student Aid has posted initial communications about the operational implementation of the TEACH Grant Program on the IFAP Web site. As Federal Student Aid works over the next several months to fully implement functionality for processing TEACH Grant awards, it will post additional communications about the necessary updates to systems, software, and technical documentation. In addition to posted communications, Federal Student Aid is presenting this webinar as another opportunity for school financial aid administrators and their staff to learn more about the operational implementation of the TEACH Grant Program and to prepare for that implementation.

Registration is required for this webinar. For complete information about the webinar, including registration information, refer to ANN-08-03.

April 21, 2008 TEACH Grant NPRM Comment Deadline

The Department of Education (the Department) published a Notice of Proposed Rulemaking (NPRM) for the TEACH Grant Program in the Federal Register on March 21, 2008 (73 FR 15336). Comments on this NPRM must be submitted to the Department on or before April 21, 2008. The NPRM is available on the IFAP Web site.

Reminders

Federal Student Aid has posted updated sections of the 2008-2009 COD Technical Reference in regard to the processing of TEACH Grant awards and will continue to do so. If you have any questions about these materials, contact the COD School Relations Center.

In addition, Federal Student Aid will post numerous communications about the operational implementation of CCRAA provisions, including the TEACH Grant Program for the 2008-2009 Award Year. All participants in the Federal student aid programs should continue to refer to the IFAP Web site for applicable guidance and information.

Computer-Based Training Program for COD System Web Site, COD Reports, and Electronic MPN Web site (03/28/08)

NEW!

Federal Student Aid takes this opportunity to remind schools of the availability of an updated Computer-Based Training (CBT) for the COD System Web site. The updated COD CBT includes enhancements that have been made to the COD System from March 2004 through April 14, 2007. Additionally, a new Direct Loan Reports CBT, a new Grant Reports CBT, and new simulations of the Direct Loan Electronic Master Promissory Note (MPN) Web site have been developed and are available for download.

The electronic files for the CBTs and simulations, as well as instructions for downloading and using these files, are available on the Information for Financial Aid Professionals (IFAP) Web site. Under the "Tools for Schools" section, click on COD Computer-Based Training.

The CBTs and simulations are as follows:

COD System Web Site CBT

The COD System Web site CBT simulates the COD System and functionality available to a school administrator. In the updated COD System Web site CBT, there are eight lessons with text and an open format to guide a user through each area of the COD System Web site simulation. The user can explore basic navigation and functions of the COD Web site and practice locating and creating information in a safe environment with tips for assistance.

Grant Reports CBT

The Grant Reports CBT offers three lessons that explain the COD reports a school can use to assist with the reconciliation process for Federal Pell Grant (Pell Grant), Academic Competitiveness Grant (ACG), and National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) awards.

Direct Loan Reports CBT

The Direct Loan Reports CBT offers three lessons that explain the COD reports a school can use to assist with the reconciliation process for William D. Ford Federal Direct Loan (Direct Loan) awards.

EMPN Online Simulations

The EMPN Online Simulations serve as a guide for understanding the Direct Loan Electronic MPN Web site. The four simulations are as follows:

- EMPN online Grad PLUS Pnote
- EMPN online Parent PLUS
- EMPN online School Administrator
- EMPN online Subsidized-Unsubsidized

If you have any questions or comments about the CBTs and simulations, contact the COD School Relations Center. If you e-mail your question or comment to CODSupport@acs-inc.com, please include "CBT Question/Comment" in the subject line.

Reports and Data Requests

NOTICES

This section contains important notices regarding reports and/or data requests. While we encourage you to review this section, note that some schools may not be impacted by the information presented below.

- Direct Loan Rebuild File—   Schools in need of this file should contact the COD School Relations Center.

administrators and their staff. This one hour and thirty minute webinar will be offered on
Thursday, April 10, 2008 from 2:00 – 3:30 P.M. (ET).

Federal Student Aid has posted initial communications about the operational implementation of
the TEACH Grant Program on the IFAP Web site. As Federal Student Aid works over the next
several months to fully implement functionality for processing TEACH Grant awards, it will post
additional communications about the necessary updates to systems, software, and technical
documentation. In addition to posted communications, Federal Student Aid is presenting this
webinar as another opportunity for school financial aid administrators and their staff to learn
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regard to the processing of TEACH Grant awards and will continue to do so. If you have any
questions about these materials, contact the COD School Relations Center.

In addition, Federal Student Aid will post numerous communications about the operational
implementation of CCRAA provisions, including the TEACH Grant Program for the 2008-2009
Award Year. All participants in the Federal student aid programs should continue to refer to the
IFAP Web site for applicable guidance and information.

Preventing a Potential Overaward Process (POP) Situation (03/21/08)
As explained in the COD Technical Reference, a POP situation occurs when a Pell Grant
disbursement is submitted by multiple schools, and causes a student's total Pell Grant eligibility
used to exceed 100%. At that point, a Multiple Reporting Record (MRR) report is sent to all
schools involved. If the overpayment is not resolved within 30 calendar days after the COD POP
start date, the COD System will generate a Negative Disbursement and reduce the student's Pell
Grant disbursement to zero ($0.00) for all of the student's Pell Grant disbursements at all schools
for that award year.

Prior to submitting Pell Grant disbursements, schools should perform several actions that will
help them make eligibility and disbursement determinations that will not result in an overaward.
These actions are described in detail below.

1. Review the COD and National Student Loan Data System (NSLDS) Web Sites:

These sites contain important information regarding the percentage of Pell Grant eligibility used, Pell Grant disbursement amounts, and information regarding a student's Pell Grant history.

2. Participate in the NSLDS Student Transfer Monitoring Process:
    The NSLDS Student Transfer Monitoring process offers features that allow schools to inform NSLDS of its transfer students. NSLDS also monitors the students' financial aid history and alerts schools about a change in the students' financial aid that could impact their eligibility at a new school.

For questions regarding NSLDS and the NSLDS Student Transfer Monitoring Process, contact NSLDS Customer Service at 800/999-8219 or e-mail nslds@ed.gov. For questions regarding the COD Web site, contact the COD School Relations Center.

2005-2006 Pell Grant CFL Reduction To G5 Net Drawdown On March 19, 2008 (03/20/08)
On March 19, 2008, Federal Student Aid reduced the Federal Pell Grant (Pell Grant) 2005-2006 Award Year Current Funding Level (CFL) to equal the Net Drawdown amount reflected in the COD System and in G5 (formerly GAPS). This action applies to schools that had a CFL greater than their G5 Net Drawdown. As noted in the warning message that we sent to affected schools on February 20, 2008, this action was taken because disbursements and disbursement adjustments for the 2005-2006 Award Year should have already been submitted to the COD System for processing. This reduction affected approximately 500 schools.

A school affected by the March 19, 2008 CFL reduction to G5 Net Drawdown will be impacted as follows:

*   Receive a text message (PGTX06OP Message Class) in the school's Student Aid Internet Gateway (SAIG) mailbox notifying the school of the reduction.

*   Receive a new Electronic Statement of Account (ESOA) that reflects the reduction.

*   See a change in the school's CFL that reflects the reduction.

*   See a change in the school's authorization in G5 that reflects the reduction.

Note: The amount of the reduction will equal the difference between the school's CFL and Net Drawdown amount. This means that the amount of the reduction could equal as little as $0.01.

If you have any questions regarding the 2005-2006 CFL reduction to G5 Net Drawdown or need to have funding reinstated, contact the COD School Relations Center.

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ACG and National SMART Grant Resources (03/28/08)

NEW!

As a reminder, the Department of Education (the Department) has posted a number of Dear Colleague Letters and Electronic Announcements that communicate regulatory, policy, and operational information related to the implementation of the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) programs. In addition, Federal Student Aid has updated the 2006-2007 COD Technical Reference, the 2007-2008 COD Technical Reference, and posted the 2008-2009 COD Technical Reference. A school should refer to the communications posted on the Information for Financial

Aid Professionals (IFAP) Web site and to the 2006-2007, 2007-2008, and 2008-2009 COD technical references for complete information about the ACG and National SMART Grant programs.

More specifically, the 2006-2007, 2007-2008, and 2008-2009 COD technical references cover all aspects of the operational implementation of the ACG and National SMART Grant programs. This includes information on the following key aspects of ACG and National SMART Grant processing:

- o Financial Award ID and Financial Award Number (Award Sequence Number)
  Volume II, Section 1 "Implementation Guide"

- o Citizenship and Student Level Code
  Volume II, Section 1 "Implementation Guide"

- o Message Classes
  Volume II, Section 2 "Message Classes"

- o Common Record Layout
  Volume II, Section 3 "Common Record Layout"

- o Reports Generated by COD System
  Volume VI, Section 8 "COD Reports"

- o Eligibility/Payment Reason and Rigorous High School Program Code for ACG
  Volume VI, Section 9 "Rigorous Secondary School Programs of Study, and Eligible Majors"

- o Major/Classification of Instructional Program (CIP) Code for National SMART Grant
  Volume VI, Section 9 "Rigorous Secondary School Programs of Study, and Eligible Majors"

If your school needs help locating information related to the operational implementation of the ACG and National SMART Grant programs, contact the COD School Relations Center.

Note for EDExpress Users: Volume III of the 2006-2007, 2007-2008, and 2008-2009 COD technical references provides additional guidance for schools that use EDExpress in combination with another system. If your school needs help locating information related to EDExpress, contact CPS/SAIG Technical Support at 880/330-5947 or by e-mail at CPSSAIG@ed.gov.